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ROUTING AND RECORD SHEET /0111 22948 0171

INSTRUCTIONS: Use office designations in the "TO" column. Number each comment to correspond with the number in the "TO" column. Draw a line across the sheet under each comment. Each office should date and initial (check mark included) before further routing. This Routing and Record sheet should NOT be removed from the attached RECORD document.

FROM: 0-3154

DOCUMENT NUMBER: ECLA-22948.

DOCUMENT DATE: 15 Mar 1957

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TO	ROOM NO.	DATE		OFFICER'S INITIALS	COMMENTS
		RECEIVED	FORWARDED		
1.			25 Feb	[initials]	<p>NOTE: If a copy or attachments are removed from the attached document, note the location of the copy and/or attachment herein. If this RECORD COPY is to be retained in the file at the Desk, call the Control File Section for permanent loan.</p> <p>11c w/lt att USORULLERY-309</p> <p>1E/G/U tracing Tran</p> <p>USDRCL 1117/07</p> <p>138-54-N.S</p> <p>FILE TITLE K1213 MASHIN, Franz</p> <p>FILE NUMBER</p> <p>ENCLOSURE</p> <p>DATE PROCESSED</p> <p>ABSTRACT</p> <p>INDEX</p>
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7.	C1/OPS		10 Mar 1957	[initials]	
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9.	F1/OPS		15 Mar	[initials]	
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FORM NO. 810a
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CENTRAL INTELLIGENCE AGENCY
SOURCE: MEMPHIS EXEMPTION 3825
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2006

DISPATCH NO. EGLI-22748

#201-137673

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70 Miles, 12

DATE 18 March 1957

nom : Chief of Base, Pullach

LIT: COS/V
COS/O
MOB

SUBJECT { GENERAL : Operational/UPSWING/HILARY/CART
SPECIFIC : UJDROLLENY #307 (Fall CHIKAGO)

REF: A. EOLA-2219h, 23 January 1957
B. EOLA-21929, 22 January 1957
C. VTEG-3772, 30 January 1957

ACTION REQUIRED: See Para 11

1. GUNTZACH reported on 11 March 1957 that UPSHAG's plan of action against Frank BENJAMIN as outlined in paragraph 12 of RFA A has been initiated in a modified form resulting in BENJAMIN's playing the role of a recruited WOLFG source for UPSHAG.

2. An UPSIDEER (not identified to POB) approached BEDARCIK in French and bluntly suggested that since BEDARCIK made frequent trips behind the Iron Curtain he should be able to provide information of value to a Western intelligence service. BEDARCIK responded immediately that he was an honest businessman attempting to earn a living. He said that the Hungarians probably suspect him of being a Western agent. He added that in the West he is probably suspected of being a Hungarian agent. BEDARCIK asserted that he did not dare risk his business by becoming involved in espionage activities. He did, however, ask the UPSIDEER if he represented American intelligence. The UPSIDEER stated that neither the American nor the British but another "Western service" was involved. BEDARCIK then asked if the chief of the service lived in Starnberg and if it was that German organization he had read about in the papers, the name of which he could not recall at the moment. The UPSIDEER remained non-committal. BEDARCIK went on to imply that he needed 500,000 Marks to assist him in building a tourist hotel in Budapest and that if he were provided sufficient funds he might reconsider working with the Western service. The UPSIDEER left saying he would see BEDARCIK again and that the whole matter would be discussed further.

3. After FRANK ARGEN's most recent return from Budapest the UPSWING contacted him a second time. FRANK ARGEN indicated that the Hungarians had decided to build the hotel on the basis that the foreign exchange accruing

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later would justify the cost. He asserted that should he accept an intelligence mission he would not accept any form of payment for his services. He inquired avidly about the mission he would be assigned, demanding a full briefing as a prerequisite to his commitment. The UPSWING, reportedly acting with due caution in accord with specific directives, eased BEDNARCIN into the recruitment explaining that BEDNARCIN would be asked to collect information in Hungary of a political nature and data on various military targets.

4. UPSWING now admits BEDNARCIN's first report which is to be forthcoming upon his next return from Budapest. GUTZWACH indicated that in the event BEDNARCIN makes a false report or is otherwise uncooperative, GUTZWACH is prepared to call upon GAVILL to impose customs difficulties for BEDNARCIN's customers and to cause the rejection of visa applications processed through his Keiseibureau Austria.

5. GUTZWACH demonstrated distinct pleasure with the way the case has turned, and he indicated confidence that the UPSWING recruiter did not betray UPSWING's knowledge of BEDNARCIN's AVH affiliation. GUTZWACH believes that UPSWING will be able to make meaningful tests of the accuracy of BEDNARCIN's reporting; and that GAVILL will assist in causing difficulty for BEDNARCIN's business. If and when this plan is put into effect, GUTZWACH believes that BEDNARCIN's sense of security will be shaken and his avariciousness will result in UPSWING's achieving control over him.

6. GUTZWACH implied that he believes the AVH briefed BEDNARCIN to accept the recruitment on ostensible anti-Communist motivation if such an acceptance were to involve only a simple information collection mission; this briefing being based upon an AVH decision made in the interests of the security of a valuable and as yet uncompromised agent.

7. V-16131 has reported that the AVH has not recontacted him since his single meeting with "Dr. KOVACS" in Salzburg on 11 October 1946. BEDNARCIN simply informed V-16131 that "Dr. KOVACS" was alive and safe at his office in Budapest. V-16131 has informed BEDNARCIN that he doesn't want anything further to do with Dr. KOVACS or any other AVH man. GUTZWACH intoned this fact with the implication that his wishes had prevailed over the previous intentions of Duce Bavaria to play V-16131 as a double agent and that V-16131 was now under strict orders to reject further contact.

8. At this stage UPSWING's intent seems to be to play BEDNARCIN into a deeper compromise with his UPSWING case officer and at the same time attempt to uncover his AVH activities without further involvement of V-16131. GUTZWACH asserts that although an arrest for espionage activity could be made on the basis of V-16131's statements, UPSWING is still not willing to surface V-16131.

9. GUTZWACH elaborated on the various plans now under consideration. Contingent upon the degree of cooperation BEDNARCIN shows as a straight

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positive information source, UPSWING's success in uncovering his AVH activities and other factors, the following plans might be effected singly or in combination. One would be to apply pressure through the government, without actually informing BEDNARSKI that his UPSWING case-officer's reports determine when the pressure turns on and off, so as to provoke him to cooperate. Another would be to approach him in Munich or Vienna through the present case officer or a second UPSWING officer and confront him with a report that he met a known AVH officer in Bad Ischl on 13 October 1956 etc, thereby threatening him with the complete destruction of his business if he should fail to reveal all he knows about the AVH.

10. UPSWING apparently hopes that the AVH interpretation of BEDNARSKI's part of the "western service" recruitment is as follows: BEDNARSKI is an obvious target for Western services; his recruitment may indicate he is not suspect since the absence of a Western approach to him would eventually connote that he is suspect.

11. CREWALD's prior exploitation of BEDNARSKI's Reisebuero and A-2's trace request (PUL 6033) which was followed up after the prior interest was claimed (PUL 6683) by a statement that he had been spotted as a possible lead (ECJA-86790), clearly supports UPSWING's assumption that the AVH might believe that obviously BEDNARSKI has attracted the attention of Western services.

12. CAVILL is reportedly abiding by their agreement to withhold action against Erzsébet von LORVAY, widow of Count László von LORVAY, and mother of AVH agent Elvira BLO and another daughter in Hungary. CAVILL stated that no definite connection between Frau von LORVAY and BEDNARSKI was known to him but that pending action against BEDNARSKI no action is intended which might cause BEDNARSKI to believe he is endangered or otherwise limit UPSWING's and CAVILL's chances of discovering other AVH contacts in Munich.

13. For the sake of the record, it is noted that paragraph 2 of FLA-20721, 17 September 1956 contains a typographical error, Sueddeutsche Zeitung should read Sudetendeutsche Zeitung.

14. For COS/V: It is requested that any information on BEDNARSKI which Jozsef VARSANYI (REF E and C) has reported or might report be forwarded for passage to UPSWING. Copies (not including GUEGULE) on BEDNARSKI's wife, Annelie BEDNARSKI nee KOLLER, born 2 January 1930 in Gamsen/Haarmten, Austria, who is described at length in the attachment, are also requested.

Attachments: UPSWING Memo No. 3182/57, 8 March 1957

Approved by

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